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06

Sheila Stoeller

From: Lisa Orthmann [lorthmann@yahoo.com]
Sent: Friday, August 24, 2007 8:58 AM
To: Mayes-WebEmail
Subject: Lack of Response from Brooke Utilities/Pine Water Company

Dear Ms. Mayes:

I understand there are various proceedings taking place right now regarding Brooke Utilities/Pine/Strawberry Water Company. I just wanted to share with you the type of customer service I receive as a customer of Strawberry Water. The company advertises an email address and invites customers to ask questions; however, they do not apparently monitor the email or answer the questions. You can see my various emails below. I also called their customer service line and asked these same questions and was told that they "didn't know."

This company is difficult at best to deal with. I sincerely hope that the commission will hold Brooke responsible for their obligations or allow us to find another water provider.

Thanks,
Lisa Orthmann

Lisa Orthmann <lorthmann@yahoo.com> wrote:

Date: Wed, 8 Aug 2007 16:52:10 -0700 (PDT)
From: Lisa Orthmann <lorthmann@yahoo.com>
Subject: Fwd: More Information Regarding the K2 Well
To: myndibrogdon@msn.com, waterquestions@brookeutilities.com

Arizona Corporation Commission
DOCKETED**AUG 27 2007**

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Dear Myndi,

This is my third email. I am beginning to question whether the company is monitoring the waterquestions email box it advertises on your newsletters since I have yet to receive a response. I am particularly interested in seeing the backup for your statement related to the 60% replacement of the Pine System.

If you do not have this documentation or do not wish to disclose it, please let me know. I would appreciate the courtesy of a reply.

Thank you,
Lisa Orthmann

Lisa Orthmann <lorthmann@yahoo.com> wrote:

Date: Mon, 30 Jul 2007 16:08:25 -0700 (PDT)
From: Lisa Orthmann <lorthmann@yahoo.com>
Subject: Fwd: More Information Regarding the K2 Well
To: myndibrogdon@msn.com, waterquestions@brookeutilities.com

Myndi,

I have some questions in response to your email. Can you please respond to my

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comments/questions noted in red below.

I have also asked on two prior occasions for information related to the primary shareholders of Brooke Utilities, Inc. If you have misplaced my previous emails, please let me know and I will re-send them.

Thanks in advance for your anticipated response,
Lisa Orthmann

Brooke Utilities <bui_info@brookeutilities.com> wrote:

Subject: More Information Regarding the K2 Well
Date: Fri, 27 Jul 2007 13:42:25 -0700
From: "Brooke Utilities" <bui_info@brookeutilities.com>

Water Myths Busted

– A Commentary by Myndi Brogdon, Brooke Utilities, Inc.
Community Relations Representative.

Controversy over water in Pine and Strawberry is not new. Many customers have expressed confusion over the combined efforts of the Pine-Strawberry Water Improvement District (PSWID) and Brooke Utilities, Inc (BUI) on the K2 project. There are allegations and rumors in abundance. Many have been addressed in previous columns, statements, letters to the editor and more will be addressed here.

Again I cannot urge all of you enough that if you have questions or concerns to contact me through the email below. I will gladly meet with you or a group to discuss this issue.

The biggest issue and most obvious is that we need more water in our community. In more precise terms what we need is the most water for the least amount of money. Any funds spent on gaining water will translate in customer costs – no matter who the provider is.

Most of you know that BUI and PSWID have signed an agreement that proposes to drill a deep well in the east end of Strawberry called the K2 project.

We have established that Pine and Strawberry need more water. This project is a step in that direction. One of the stated goals of our opposition has been to stop this partnership. Doing that it

delays the water that our community needs, continuing the need to haul.

The attorney representing the district was not chosen by BUI. PSWID sought counsel with experience in water rights and contractual issues. This was done to ensure that both parties were represented by counsel that had solid experience in water issues. PSWID's first choice was William Sullivan and I would refer any further questions on PSWID's legal representation to those board members.

The proposed well site has been researched with title companies and attorneys. The easement issues have been addressed by the Project Manager to the satisfaction of both BUI, PSWID and their legal counsel. Gila County Planning and Zoning has verified that the proposed well location is clear of any septic tanks.

I don't believe the issue at hand is whether or not the site is clear of the actual septic tanks -- the issue is whether or not it is TOO CLOSE to the existing septic tank (i.e. within the contamination area). Has this issue been thoroughly researched and resolved?

To claim we do not repair or replace infrastructure is not based in fact. We do not tear out equipment or pipes that are working. In any mechanical system, parts fail. As they fail we repair. If and when possible we replace as much pipe as possible during repairs. We inherited an old and poorly maintained system. We have replaced about 60% of the piping and equipment in the Pine system in the past 10 years.

I am a bit perplexed ... this states that 60% of the piping and equipment have been replaced in the past 10 years. However, on PWCo's annual reports filed with the ACC, the following asset classes are more than 50% depreciated (meaning, they have been in service for at least a decade without being replaced):

- Structures & Improvements
- Pumping Equipment
- Distribution Reservoirs and Standpipes
- Transmission and Distribution Mains
- Services

Can you please reply with additional substantiation for the stated

60% figure, since this cannot be verified through the company's financials?

Accusations of conflict of interest have been tossed about. In fact Jim Richey did purchase a piece of property, adjacent to property he already owned, from BUI. Tanks were no longer able to be used for potable (drinkable) water were on the property. Mr. Richey worked with Gila County and Pine-Strawberry Fire Department to remove the tanks, two of which are now in use for fire protection, a commendable example of recycling for the communities benefit. The purchase was completed in 2006.

In your role, certainly you understand how the transaction with Mr. Richey presents an appearance of impropriety. It was inappropriate for Mr. Richey to be involved in personal negotiations with your employer while also acting as a negotiator for the PSWID board.

PSWID provided the community with an in depth presentation on the K2 well project. In that presentation technical experts were called upon to show how the well would be cased to go past and protect the shallow aquifer currently being used by Strawberry wells. The intent of the K2 project is to access a deep aquifer that has, to date, remained untapped.

The hydrological concern raised by the experts was not about draining the existing wells but in fact impacting Fossil Creek. At 150 gallons per minute it has been determined that the impact to Fossil Creek will be less than the margin of error in the measuring of Fossil Creek's flow. If this well were to impact Fossil Creek beyond that BUI will be required to address those concerns.

BUI has always been interested in buying water from any existing well in Pine or Strawberry. In fact BUI has many water-sharing agreements with private well owners.

BUI has asked to buy water from existing wells in Pine and instead of working with BUI several well owners have chosen to take BUI to court. Their goal is to remove themselves from the BUI system and use these wells to service their own much smaller developments, not sharing any of that water with our community.

The public hearing being held at the Arizona Corporation Commission on August 6th is that specific case. This hearing is not

about the K2 project or any other matter. It is specifically about local developers asking to be deleted from the BUI service area.

I would like to commend all the Board members of PSWID. These folks took on a volunteer job when no one else wanted it. They tackle hard issues and have spent countless hours researching, learning, asking tough questions and making tough decisions with the interests of Pine and Strawberry in accordance with their mission statement. BUI and PSWID have not always agreed, but they have stayed at the table with the focus of bringing more water to the community.

Thanks for taking the time to read these columns and take an interest in the water situation that affects us all.

This series of topics is presented by Brooke Utilities, Inc. for the benefit of our customers. It is our objective to discuss water related topics of concern and interest to the Pine and Strawberry communities and dispel misinformation in the community. Customers are invited to ask questions directly related to today's discussion by writing to "WaterQuestions@brookeutilities.com".

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